

Minutes of the Joint Legislative Oversight Committee

February 7, 2024

Room EW20, Capitol, Boise, Idaho



Senator Melissa Wintrow, presiding cochair

Senator Melissa Wintrow called the meeting to order at 4:01 p.m.

Committee members in attendance were Senators Melissa Wintrow (cochair), C. Scott Grow, Dave Lent, James D. Ruchti, Representatives David M. Cannon (cochair), Douglas T. Pickett, and Jim Bratnobar acting for Steve Berch. Also present were Rakesh Mohan, Director, Office of Performance Evaluations (OPE) and staff with OPE; and Dean Cameron, Interim Director, Idaho Department of Health and Welfare.

Audience members in attendance included the following: David Lehman, Brian Whitlock, Jesse Meldru, Juliet Charron, Aaron Howard, Dean Cameron, Anna Langrill, and Erin Burnett.

Approval of minutes from January 18, 2024

Representative Pickett moved to approve the minutes from January 18, 2024. Senator Ruchti seconded the motion, and it passed by unanimous voice vote without debate.

Representative Bratnobar moved to approve the release of the report *Medicaid Hospital Rates*. Representative Cannon seconded the motion, and it passed by unanimous voice vote without debate.

Report presentation: *Medicaid Hospital Rates*

Ryan Langrill, principal evaluator, presented the report. The report detailed Idaho's Medicaid payment rates for hospital services and compared them to other states. The report went over aggregate hospital spending over time, compared Idaho rates to other states' rates, and Medicaid oversight under various payment models.

Senator Ruchti requested further clarification from Ryan regarding the base rates and the diagnoses-related group (DRG) relative weight slide. Ryan explained the DRG model, which involves the hospital submitting data about the patient and their stay upon discharge. This data is then categorized into diagnosis groups by a software licensed by 3M. Ryan elaborated on how each group is assessed for severity and compared the costs of hospital stays to the national average. Following this explanation, Senator Ruchti inquired whether the base rate presented in the report was specific to a seizure. Ryan clarified that the base rate was applicable to any hospital stay.

Senator Wintrow asked if the supplemental payments were a result of the drawdown from the tax assessment in hospitals. Ryan confirmed. Senator Wintrow sought clarification on whether the Montana rates presented were higher or if it was the total amount of care paid for. Ryan explained that the rates for every state reflected Idaho's specific casemix for state fiscal year 2023.

Ryan stated that the Legislature should consider asking the department to regularly analyze the drivers of budgetary changes for Medicaid hospital rates. Ryan stated the recommendation that the department monitor its choice to include these services in the DRG model.

Representative Cannon raised a question regarding the auditing process for diagnoses and codes, as well as the payment based on these codes. Ryan explained that OPE's public Excel workbook has information on what was paid for each DRG for fiscal year 2023. He also mentioned that the Medicaid program has post-care review for coding and medical necessity. Senator Wintrow asked about the number of staff within Medicaid responsible for auditing programs to ensure the proper use of taxpayer dollars. Ryan clarified that most of this work is handled by a contractor named Telligen.

Representative Cannon asked if Idaho hospitals must accept Medicaid. Ryan stated a majority accept Medicaid, but there may be exceptions, such as long-term acute care facilities.

Representative Pickett sought clarification on the factors influencing higher rates in Idaho based on the severity of necessary care. Ryan explained that while they considered payment models from other states, they maintained consistency in case complexity across all states.

Representative Bratnober asked if the graphs presented are nationwide. Ryan clarified they are for Idaho Medicaid for overall hospital spending for fiscal years 2014-2023. Representative Bratnober asked why hospital spending per enrollee has seen a decrease. Ryan suggested that this decline could be attributed to cost containment efforts initiated around 2020. There has also been a shift in the composition of Medicaid enrollees whose hospital services are covered by Medicare. Senator Wintrow asked if the presented figure is reflective of the state match with general funds. Ryan stated that is correct.

Representative Pickett asked if there were any recommendations regarding the disparities in payment rates that private carriers might compensate, as seen in Colorado. Ryan stated there are limitations based on complexity. He stated there is a lack of data to make a comparison, but there are differences in states, more than just payment rates and tax systems.

Representative Cannon asked for clarification on the process for setting rates, if it is a state decision or joint state and federal decision. Ryan stated there are federal guidelines but it is a state driven decision. Senator Wintrow suggested that the state's failure to increase rates sufficiently could directly lead to access and quality problems similar to the direct care workforce shortage. She asked Ryan if this is accurate. Ryan confirmed and discussed concerns shared by staff at Connecticut's Medicaid program about hospitals not offering the same access and quality to Medicaid enrollees.

Senator Wintrow requested a big picture summary. Ryan commended the department on managing the transition effectively, considering the previous payment model's lack of emphasis on cost-effective care. Ryan noted that hospital rates are influenced by historical incentives.

Department of Health and Welfare's additional response to *State Oversight of Idaho's Health Information Exchange*

Senator Wintrow transitioned to the next agenda item, focusing on the Department of Health and Welfare's additional response to *State Oversight of Idaho's Health Information Exchange*. Director Cameron introduced himself as the interim director of the Department of Health and Welfare. In response to OPE's evaluation, he recommended the state withdraw participation from the Idaho Health Data Exchange unless there are significant changes made to the exchange. He stated the department recognizes the impact of this decision. They are in the process of telling the Exchange what will need to change to continue working together. He stated they are finding a path for hospitals and providers should the department withdraw from the Exchange. He stated many states have transitioned to fully private exchanges.

Representative Pickett sought clarification on the policy implications of Director Cameron's recommendation to withdraw. Director Cameron outlined issues with the Exchange identified by OPE, including compliance, oversight, and transparency. He explained that changes would involve ensuring compliance with OPE recommendations and adjusting state statute for appropriate oversight of the Exchange. Representative Pickett followed up by asking what the policy would be to withdraw from the Exchange. Director Cameron stated there would need to be a letter signed by the director of the department indicating the intention to withdraw.

Senator Grow shared concerns about the Exchange being originally described as necessary for the state. He previously questioned why private enterprises had not developed exchanges. Director Cameron responded that there is a benefit in exchanging data and in many cases the private sector can meet that need, but it is more of a struggle for rural or independent physicians and smaller hospitals. Senator Grow responded by saying the cost-benefit ratio did not work out in this case and that any more money from the state would not be advisable at this point.

Senator Wintrow asked for a vote if the committee wanted any follow up action on the *Medicaid Hospital Rates* report. Representative Pickett made a motion to accept the report as presented. Representative Cannon seconded the motion. The motion passed by unanimous voice vote.

Director Rakesh Mohan asked for clarification if there needed to be a follow up to the report. Senator Wintrow asked Representative Pickett to clarify his motion and he responded by suggesting they approve the report. Senator Wintrow and Director Rakesh Mohan clarified that a new motion should be made to close the report.

The motion was amended to close the report by Representative Pickett and seconded by Representative Cannon. The motion passed by unanimous voice vote.

Director Rakesh Mohan stated that OPE will present a follow-up to child protection reports and the *Death Investigations* report by the end of the month. Senator Grow and Senator Wintrow clarified timelines for asking for new evaluation requests, which will be addressed at the following committee meeting.

Senator Wintrow adjourned the meeting at 5:04 pm.